

KARIN J. IMMERGUT
United States Attorney, District of Oregon
NEIL J. EVANS, OSB #96551
Assistant United States Attorney
1000 S.W. Third Avenue, Suite 600
Portland, OR 97204-2904
Tel.: (503) 727-1053
Fax: (503) 727-1117
neil.evans@usdoj.gov
Michael Schon, Trial Attorney
Environmental and Natural Resources Division
U.S. Department of Justice
P.O. Box 23986
Washington, D.C. 20026-3986
Tel: (202) 514-2795
michael.schon@usdoj.gov
Attorneys for Plaintiff

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON**

UNITED STATES OF AMERICA,

Plaintiff,

Civil Action No. 07-1819-JO

v.

FREEWAY LAND COMPANY,

CONSENT DECREE

Defendant.

WHEREAS, Plaintiff, the United States of America, on behalf of the United States Army Corps of Engineers ("Corps"), filed the Complaint herein against Defendant Freeway Land Company ("FLC"), alleging that Defendant violated Section 301(a) of the Clean Water Act ("CWA"), 33 U.S.C. § 1311(a);

WHEREAS, the Complaint alleges that Defendant violated CWA Section 301(a) by discharging dredged or fill material and/or controlling and directing the discharge of dredged or fill material into approximately 2.62 acres of waters of the United States at

the Freeway Land Company site located in Portland, Oregon (the "Site") and more fully described in the Complaint, without authorization by the Corps;

WHEREAS, the Complaint seeks (1) to enjoin the discharge of pollutants into waters of the United States in violation of CWA Section 301(a), 33 U.S.C. § 1311(a); (2) to require Defendant, at its own expense and at the direction of the Corps, to restore and/or mitigate the damages that may have been caused by the alleged unlawful activities; and (3) to require Defendant to pay civil penalties as provided in 33 U.S.C. § 1319(d);

WHEREAS this Consent Decree is intended to constitute a complete and final settlement of the United States' claims under the CWA set forth in the Complaint regarding the Site;

WHEREAS, the United States and Defendant agree that settlement of this case is in the public interest and that entry of this Consent Decree is the most appropriate means of resolving the United States' claims under the CWA against Defendant in this case; and

WHEREAS, the Court finds that this Consent Decree is a reasonable and fair settlement of the United States' claims against Defendant in this case, and that this Consent Decree adequately protects the public interest in accordance with the CWA and all other applicable federal law.

THEREFORE, before the taking of any testimony upon the pleadings, without further adjudication of any issue of fact or law, and upon consent of the parties hereto by their authorized representatives, it is hereby ORDERED, ADJUDGED and DECREED as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the subject matter of these actions and over the parties pursuant to 28 U.S.C. §§ 1331, 1345, and 1355, and Section 309(b) of the CWA, 33 U.S.C. § 1319(b).

2. Venue is proper in the United States District Court for the District of Oregon pursuant to CWA Section 309(b), 33 U.S.C. § 1319(b), and 28 U.S.C. §§ 1391(b) and (c), because Defendant conducts business in this District, the subject property is located in this District, and the causes of action alleged herein arose in this District.

3. The Complaint states claims upon which relief can be granted pursuant to Sections 301, 309 and 404 of the CWA, 33 U.S.C. §§ 1311, 1319 and 1344.

II. APPLICABILITY

4. The obligations of this Consent Decree shall apply to and be binding upon Defendant, its officers, directors, agents, employees and servants, its successors and assigns, any person, firm, association or corporation who is, or will be, acting in concert or participation with Defendant, and any person, firm, association or corporation that may purchase, acquire, or otherwise control the property that is subject to this Consent Decree, whether or not such person has notice of this Consent Decree. In any action to enforce this Consent Decree against Defendant, Defendant shall not raise as a defense the failure of any of its officers, directors, agents, employees, successors or assigns, any person, firm or corporation acting in concert or participation with Defendant, or any person, firm or corporation that may purchase, acquire, or otherwise control the property that is subject to this Consent Decree, to take any actions necessary to comply with the provisions hereof.

5. The sale or transfer of ownership or other interest in any portion of the Site shall not alter or relieve Defendant of its obligation to comply with all of the terms of this Consent Decree. At least thirty (30) days prior to the sale and at least fifteen (15) days prior to the transfer of ownership or other interest in the Site, the party making such sale or transfer shall provide written notice and a true copy of this Consent Decree to its successors in interest and shall simultaneously notify the Corps, the United States Attorney for the District of Oregon, and the United States Department of Justice at the addresses specified in Section IX below that such notice has been given. As a condition to any such sale or transfer, Defendant making the sale or transfer shall reserve all rights necessary to comply with the terms of this Consent Decree.

The Corps and the United States acknowledge that they are aware of the sale of the Site to Jameson Partners, LLC ("JP") on March 31, 2006 and that this paragraph requiring notice does not apply to the sale to JP.

III. SCOPE OF CONSENT DECREE

6. This Consent Decree shall constitute a complete and final settlement of all civil claims for injunctive relief and civil penalties alleged in the Complaint against Defendant under CWA Section 301 concerning the Site.

7. It is the express purpose of the parties in entering this Consent Decree to further the objectives set forth in CWA Section 101, 33 U.S.C. § 1251. All plans, studies, construction, remedial maintenance, monitoring programs, and other obligations in this Consent Decree or resulting from the activities required by this Consent Decree shall have the objective of causing Defendant to achieve and maintain full compliance with, and to further the purposes of, the CWA.

8. Except as in accordance with this Consent Decree, Defendant and Defendant's agents, successors, assigns, and transferees are enjoined from discharging any pollutant into waters of the United States, unless such discharge complies with the provisions of the CWA and its implementing regulations.

9. The parties acknowledge that CWA Nationwide Permit 32, found at 72 Fed. Reg. 11092 (March 12, 2007), does not authorize any of the dredged or fill material that was placed in waters of the United States at the Site as of December 17, 2003 (the most recent date unauthorized fill was observed by the Corps) at the Site. The parties further acknowledge that Nationwide Permit 32, will not authorize the discharge of dredged or fill material insofar as such discharge is necessary to complete the work required to be performed pursuant to this Consent Decree. Any such discharge of dredged or fill material necessary for work required by this Consent Decree shall be subject to this Consent Decree, and to the conditions contained in an individual CWA Section 404 permit that the Corps may issue, as set out in paragraphs 19 and 20 of this Decree.

10. This Consent Decree is not and shall not be interpreted to be a permit or modification of any existing permit issued pursuant to Sections 402 or 404 of the CWA, 33 U.S.C. §§ 1342 or 1344, or any other law. Nothing in this Consent Decree shall limit the ability of the United States Army Corps of Engineers to issue, modify, suspend, revoke or deny any individual permit or any nationwide or regional general permit, nor shall this Consent Decree limit the Corps' ability to exercise its authority pursuant to Section 404(c) of the CWA, 33 U.S.C. § 1344(c).

11. This Consent Decree in no way affects or relieves Defendant of its responsibility to comply with any applicable federal, state, or local law, regulation or permit.

12. This Consent Decree in no way affects the rights of the United States against any person not a party to this Consent Decree.

13. The United States reserves any and all legal and equitable remedies available to enforce the provisions of this Consent Decree and applicable law.

14. Nothing in this Consent Decree shall constitute an admission of fact or law by any party.

IV. SPECIFIC PROVISIONS

CIVIL PENALTIES

15. Defendant shall pay a civil penalty to the United States in the amount of sixty thousand dollars (\$60,000), within 30 days of entry of this Consent Decree.

16. Defendant shall make the above-referenced payment by FedWire Electronic Funds Transfer ("EFT" or wire transfer) to the U.S. Department of Justice account in accordance with current electronic funds transfer procedures, referencing U.S.A.O. file number 2007V00843, the Corps and the DOJ case number 90-5-1-1-18205. Payment shall be made in accordance with instructions provided to Defendant by the Financial Litigation Unit of the United States Attorney's Office for the United States District of Oregon. Any payments received by the Department of Justice after 4:00 P.M. (Eastern Time) will be credited on the next business day.

17. Upon payment of the civil penalty required by this Consent Decree, Defendant shall provide written notice, at the addresses specified in Section IX of this Consent Decree that such payment was made in accordance with Paragraph 16.

18. Civil penalty payments pursuant to this Consent Decree (including stipulated penalty payments under Section VIII) are penalties within the meaning of Section 162(f) of the Internal Revenue Code, 26 U.S.C. § 162(f), or of 26 C.F.R. § 1.162-21 and are not tax deductible expenditures for purposes of federal law.

RESTORATION, MITIGATION, AND PRESERVATION

19. The completed Section 404 permit application dated June 27, 2007, the Public Notice for which was issued July 3, 2007, submitted by Jameson Partners, LLC, an Oregon limited liability corporation and the Defendant's successor in interest to the Site, seeks authorization for all of the following activities:

- A. Allowing the 2.62 acres of existing unauthorized fill to remain in place;
- B. Filling of the Wetland Ditch and other activities necessary to complete the oil/water separator project, as described in the *Freeway Land Company, Compensatory Mitigation Plan, Portland, Oregon*, prepared by Environmental Science & Assessment, LLC, dated January 2006 and on file with the Corps' Regulatory Branch, Portland District (The schedule found at page 13 has been extended by agreement of all parties by exactly one year); and
- C. Filling an area recently proposed for development in the southwest corner of the Site.

The Corps shall process the completed Section 404 permit application pursuant to 33 CFR 325.2(d) upon entry of this Consent Decree.

20. If the completed Section 404 permit application for items a., b., and c. referenced in paragraph 19 is not approved, and a Section 404 permit is not issued by the Corps, then there shall be no appeals from that decision and FLC shall, at its own

cost and expense, remove the 2.62 acres of unauthorized fill which is the subject of the Complaint in this case, and restore the Site to the Corps' sole satisfaction.

V. NOTICES AND OTHER SUBMISSIONS

21. If the Corps issues the permit described in paragraph 19: within 30 days after the completion of (i) the mitigation work for the 2.62 acres of unauthorized fill referenced in Paragraph 19.a. of this Consent Decree; and (ii) the filling of the Wetland Ditch and other activities necessary to complete and mitigate for the oil/water separator project referenced in Paragraph 19.b. of this Consent Decree - all as described in the Mitigation Plan - Defendant shall provide the United States with written notice, at the addresses specified in Section IX of this Consent Decree, of that fact, and of when each task was completed.

If the Corps does not issue the permit as described in Paragraph 20: within 30 days after restoration of the 2.62 acres of unauthorized filling by removing that fill, Defendant shall provide the United States with written notice, at the addresses specified in Section IX of this Consent Decree, of that fact, and of when that task was completed.

22. In all notices, documents or reports submitted to the United States pursuant to this Consent Decree, Defendant shall, by signature of a senior management official, certify such notices, documents and reports as follows:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering such information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

VI. RETENTION OF RECORDS AND RIGHT OF ENTRY

23. Until 10 years after entry of this Consent Decree, Defendant shall preserve and retain all records and documents now in its possession or control or which come into its possession or control that relate in any manner to the performance of the tasks in paragraphs 15, and 20 if applicable, of this Consent Decree regardless of any corporate retention policy to the contrary. Until 10 years after entry of this Consent Decree, Defendant shall also instruct its contractors and agents to preserve all documents, records, and information of whatever kind, nature or description relating to the performance of the tasks in paragraphs 15, 19, and 20 of this Consent Decree.

24. At the conclusion of the document retention period, Defendant shall notify the United States at least 90 days prior to the destruction of any such records or documents, and, upon request by the United States, Defendant shall deliver any such records or documents to the Corps. Defendant may assert that certain documents, records and other information are privileged under the attorney-client privilege or any other privilege recognized by federal law. If Defendant asserts such a privilege, it shall provide the United States with the following: (1) the title of the document, record, or information; (2) the date of the document, record, or information; (3) the name and title of the author of the document, record, or information; (4) the name and title of each addressee and recipient; (5) a description of the subject of the document, record, or information; and (6) the privilege asserted by Defendant. However, no documents, reports or other information created or generated pursuant to the requirements of the Consent Decree shall be withheld on the grounds that they are privileged.

25. Until termination of this Consent Decree, the United States and its authorized representatives and contractors shall have authority at all reasonable times to enter Defendant's premises to:

- 1) Monitor the activities required by this Consent Decree;
- 2) Verify any data or information submitted to the United States;
- 3) Obtain samples;
- 4) Inspect and evaluate Defendant's restoration and/or mitigation activities; and
- 5) Inspect and review any records required to be kept under the terms and conditions of this Consent Decree and the CWA.

This provision of this Consent Decree is in addition to, and in no way limits or otherwise affects, the statutory authorities of the United States to conduct inspections, to require monitoring and to obtain information from Defendant as authorized by law.

VI. DISPUTE RESOLUTION

26. Any dispute that arises with respect to the meaning or requirements of this Consent Decree shall be, in the first instance, the subject of informal negotiations between the United States and Defendant affected by the dispute to attempt to resolve such dispute. The period for informal negotiations shall not extend beyond thirty (30) days beginning with written notice by one party to the other affected party or parties that a dispute exists, unless agreed to in writing by those parties. If a dispute between the United States and Defendant cannot be resolved by informal negotiations, then the position advanced by the United States shall be considered binding unless, within fourteen (14) days after the end of the informal negotiations period, Defendant files a

motion with the Court seeking resolution of the dispute. The motion shall set forth the nature of the dispute and a proposal for its resolution. The United States shall have thirty (30) days to respond to the motion and propose an alternate resolution. In resolving any such dispute, Defendant shall bear the burden of proving by a preponderance of the evidence that the United States' position is not in accordance with the objectives of this Consent Decree and the CWA, and that Defendant's position will achieve compliance with the terms and conditions of this Consent Decree and the CWA.

27. If the United States believes that a dispute is not a good faith dispute, or that a delay would pose or increase a threat of harm to the public or the environment, it may move the Court for a resolution of the dispute prior to the expiration of the thirty (30) day period for informal negotiations. Defendant shall have fourteen (14) days to respond to the motion and propose an alternate resolution. In resolving any such dispute, Defendant shall bear the burden of proving by a preponderance of the evidence that the United States' position is not in accordance with the objectives of this Consent Decree, and that Defendant's position will achieve compliance with the terms and conditions of this Consent Decree and the CWA.

28. The filing of a motion asking the Court to resolve a dispute shall not extend or postpone any obligation of Defendant under this Consent Decree, except as provided in Paragraph 38 below regarding payment of stipulated penalties.

VII. FORCE MAJEURE

29. Defendant shall perform the actions required under this Decree within the time limits set forth or approved herein, unless the performance is prevented or delayed solely by events which constitute a Force Majeure event. A Force Majeure event is

defined as any event arising from causes beyond the control of Defendant, including its employees, agents, consultants and contractors, which could not be overcome by due diligence and which delays or prevents the performance of an action required by this Consent Decree within the specified time period. A Force Majeure event does not include, *inter alia*, increased costs of performance, changed economic circumstances, changed labor relations, normal precipitation or climate events, changed circumstances arising out of the sale, lease or other transfer or conveyance of title or ownership or possession of a site, or failure to obtain federal, state or local permits.

30. If Defendant believes that a Force Majeure event has affected Defendant's ability to perform any action required under this Consent Decree, Defendant shall notify the United States in writing within seven (7) calendar days after the event at the addresses listed in Section IX. Such notice shall include a discussion of the following:

- A. what action has been affected;
- B. the specific cause(s) of the delay;
- C. the length or estimated duration of the delay; and
- D. any measures taken or planned by Defendant to prevent or

minimize the delay and a schedule for the implementation of such measures.

Defendant may also provide to the United States any additional information that it deems appropriate to support its conclusion that a Force Majeure event has affected its ability to perform an action required under this Consent Decree. Failure to provide timely and complete notification to the United States shall constitute a waiver of any claim of Force Majeure as to the event in question.

31. If the United States determines that the conditions constitute a Force Majeure event, then the deadline for the affected action shall be extended by the amount of time of the delay caused by the Force Majeure event. Defendant shall coordinate with the Corps to determine when to begin or resume the operations that had been affected by any Force Majeure event.

32. If the parties are unable to agree whether the conditions constitute a Force Majeure event, or whether the length of time for fulfilling the provision of the Consent Decree at issue should be extended, any party may seek a resolution of the dispute under the procedures in Section VI of this Consent Decree.

33. Defendant shall bear the burden of proving (1) that the noncompliance at issue was caused by circumstances entirely beyond the control of Defendant and any entity controlled by Defendant, including its contractors and consultants; (2) that Defendant or any entity controlled by Defendant could not have foreseen and prevented such noncompliance; and (3) the number of days of noncompliance that were caused by such circumstances.

VIII. STIPULATED PENALTIES

34. After entry of this Consent Decree:

If the Corps does not issue the permit as described in Paragraph 19, and if Defendant fails to timely complete restoration of the 2.62 acres of unauthorized filling by removing that fill then Defendant shall pay a stipulated penalty to the United States for each violation of each requirement of this Consent Decree as follows:

- | | | |
|----|---|--------------------|
| 1. | For Day 1 up to and including
Day 30 of non-compliance | \$1000.00 per day |
| 2. | For Day 31 up to and including | \$2,000.00 per day |

60 of non-compliance

3. For Day 61 and beyond of non-compliance \$3,000.00 per day

Such payments shall be made without demand by the United States on or before the last day of the month following the month in which the stipulated penalty accrued.

35. Any disputes concerning the amount of stipulated penalties, or the underlying violation that gives rise to the stipulated penalties, that cannot be resolved by the parties pursuant to the Dispute Resolution provisions in Section VI and/or the Force Majeure provisions in Section VII shall be resolved upon motion to this Court as provided in Paragraphs 32 and 33.

36. The filing of a motion requesting that the Court resolve a dispute shall stay Defendant's obligation to pay any stipulated penalties with respect to the disputed matter pending resolution of the dispute. Notwithstanding the stay of payment, stipulated penalties shall continue to accrue from the first day of any failure or refusal to comply with any term or condition of this Consent Decree. In the event that Defendant does not prevail on the disputed issue, stipulated penalties shall be paid by Defendant as provided in this Section.

37. To the extent Defendant demonstrates to the Court that a delay or other non-compliance was due to a Force Majeure event (as defined in Paragraph 29 above) or otherwise prevail on the disputed issue, the Court shall excuse the stipulated penalties for that delay or non-compliance.

38. In the event that a stipulated penalty payment is applicable and not made on time, interest will be charged in accordance with the statutory judgment interest rate provided for in 28 U.S.C. § 1961. The interest shall be computed daily from the time the

payment is due until the date the payment is made. The interest shall also be compounded annually.

39. Defendant shall make any payment of a stipulated penalty by FedWire Electronic Funds Transfer ("EFT" or wire transfer) to the U.S. Department of Justice account in accordance with current electronic funds transfer procedures, referencing U.S.A.O. file number 2007V00843 and the DOJ case number 90-5-1-1-18205. Payment shall be made in accordance with instructions provided to Defendant by the Financial Litigation Unit of the United States Attorney's Office for the District of Oregon. Any payments received by the Department of Justice after 4:00 P.M. (Eastern Time) will be credited on the next business day. Further, upon payment of any stipulated penalties, Defendant shall provide written notice, at the addresses specified in Section IX of this Decree.

IX. ADDRESSES

40. All notices and communications required under this Consent Decree shall be made to the parties through each of the following persons and addresses:

A. TO THE UNITED STATES ATTORNEY'S OFFICE AND THE DEPARTMENT OF JUSTICE

Neil Evans, Attorney
Office of the United States Attorney
District of Oregon
1000 S.W. Third Avenue, Suite 600
Portland, OR 97204

Michael Schon, Trial Attorney
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 23986
Washington, D.C. 20026-3986

B. TO THE CORPS:

Ed Berger, Assistant District Counsel
US Army Corps of Engineers
Office of Counsel
P.O. Box 2946
Portland, Oregon 97208-2946

C. TO DEFENDANT:

Eucon Corporation
Attention: Fred Michael
4418 East 8th Avenue
Spokane Valley, WA 99212

X. COSTS OF SUIT

41. Each party to this Consent Decree shall bear its own costs and attorneys' fees in this action. Should Defendant subsequently be determined by the Court to have violated the terms or conditions of this Consent Decree, Defendant shall be liable for any costs or attorneys' fees incurred by the United States in any action against Defendant for noncompliance with or enforcement of this Consent Decree.

XI. PUBLIC COMMENT

42. The parties acknowledge that after the lodging and before the entry of this Consent Decree, final approval by the United States is subject to the requirements of 28 C.F.R. § 50.7, which provides for public notice and comment. The United States reserves the right to withhold or withdraw its consent to the entry of this Consent Decree if the comments received disclose facts which lead the United States to conclude that the proposed judgment is inappropriate, improper, or inadequate. Defendant agrees not to withdraw from, oppose entry of, or to challenge any provision of this Consent Decree, unless the United States has notified Defendant in writing that it no longer supports entry of the Consent Decree.

XII. CONTINUING JURISDICTION OF THE COURT

43. This Court shall retain jurisdiction over this action in order to enforce or modify the Consent Decree consistent with applicable law or to resolve all disputes arising hereunder as may be necessary or appropriate for construction or execution of this Consent Decree. During the pendency of the Consent Decree, any party may apply to the Court for any relief necessary to construe and effectuate the Consent Decree.

XIII. MODIFICATION

44. Upon its entry by the Court, this Consent Decree shall have the force and effect of a final judgment. Any modification of this Consent Decree shall be in writing, and shall not take effect unless signed by both the United States and Defendant and approved by the Court.

XIV. TERMINATION

45. This Consent Decree may be terminated by either of the following:

A. Defendant and the United States may at any time make a joint motion to the Court for termination of this Decree or any portion of it; or

B. Defendant may make a unilateral motion to the Court to terminate this Decree after each of the following has occurred:

1. After fully and successfully completing the terms and conditions in paragraphs 15, 17, and paragraph 20 if applicable, Defendant has thereafter obtained and maintained compliance with all provisions of this Consent Decree and the CWA for twelve (12) consecutive months;

2. Defendant has paid all penalties and other monetary obligations hereunder and no penalties or other monetary obligations are outstanding or owed to the United States;

3. Defendant has certified compliance pursuant to subparagraphs 1 and 2 above to the Court and all Parties; and

4. Within forty-five (45) days of receiving such certification from Defendant, the Corps has not contested in writing that such compliance has been achieved. If the Corps disputes Defendant's full compliance, this Consent Decree shall remain in effect pending resolution of the dispute by the Parties or the Court.


IT IS SO ORDERED.

Dated and entered this _____ day of _____, 2008.

United States District Judge

ON BEHALF OF THE UNITED STATES:


KARIN IMMERGUT
United States Attorney for the District of Oregon



NEIL EVANS
Office of the United States Attorney
District of Oregon
1000 S.W. Third Avenue, Suite 600
Portland, OR 97204


Dated: 3/27/08

FOR DEFENDANT FREEWAY LAND COMPANY



CARSON BOWLER
Schwabe Williamson & Wyatt, PC
1211 S.W. 5th Avenue Suite 1500
Portland, Oregon 97204

Dated: 3/27/08



A. Neil DeAtley
President

Dated: 3/27/08